

# City of Brisbane

## Affordable Housing Subcommittee

### Agenda Report

DATE: Meeting of February 9, 2016

TO: Affordable Housing Subcommittee

FROM: Sheri Marie Spediacci, City Clerk

SUBJECT: Workforce Housing

#### RECOMMENDATION

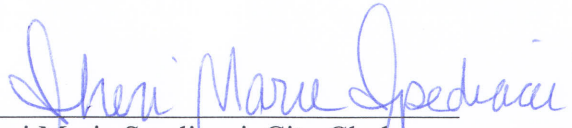
Consider information provided by Barbara Christensen from the San Mateo Community College District and discuss feasibility of such a project.

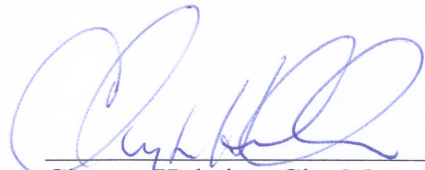
#### BACKGROUND

In September, 2015, Mayor Lentz spoke with Ms. Christensen at the Skyline College Success Summit about the District's providing affordable housing for its employees. He asked that City Staff connect with Ms. Christensen to gather information on how Brisbane might build workforce housing on land that the city owns.

#### DISCUSSION

Staff contacted Ms. Christensen and she provided the attached document entitled, "The Process to Build Workforce Housing" (Exhibit A). Staff also drew up a list of questions which Ms. Christensen replied to. That is attached as Exhibit B. As you will note when reviewing the process, one of the first preliminary steps is to survey employees about the needs for housing. A draft of a survey is also attached for your review (Exhibit C.)

  
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Sheri Marie Spediacci, City Clerk

  
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Clayton Holstine, City Manager

**The Process To Build Workforce Housing** (many of these things will be happening simultaneously):

**Preliminary Steps.** These first four bullets should be happening behind the scenes—before you make a definitive announcement about your intent to build housing.

- Survey employees about needs for housing (sample attached). This can be done electronically and results can be calculated electronically.
- Determine what the purpose of your housing is and who will be eligible to live in the housing. As I told you earlier, our deal is available to all employees (except super high earners) who have never owned a home and we allow them to live in campus housing for 7 years in order to have time to save for a down payment. And it has worked—we have had 40 employees move out of the apartment and purchase a home. If you don't put a limit on how long an employee can live there, you will be able to help relatively few employees—and the housing cannot really serve as an incentive to attract new staff members.
- Engage a developer like Thompson-Dorfman (highly recommended) in a consulting agreement, to assist with putting together preliminary site plans, architectural renderings, floor plans, elevations, and composite building plans and figuring out costs for construction and what zoning/General Plan changes may be needed. This developer will engage the architectural firm and engineers needed to put all the plans in place. You will need to work hand in hand with city planners, etc. on this and I highly advise they be engaged at the **very start** of the program. When you have all this, you can make some preliminary estimates on rents that will be needed to pay back your debt and assure yourself that the project makes sense. I also advise at some point before you publically launch your program (and after you have answers to some of the questions above) that you hold a joint school board/City council meeting) to discuss the plans.
- Determine number of units to be built—from survey above). The property tax exemption will only accrue to you if you rent only to your own employees.
- You also might want to talk to the city and other school districts on possibly waiving some of the fees (developer fees for the schools and city planning fees) which we were successful in accomplishing.

#### **CEQA and the Public Review Process**

- Once you have all that accomplished, you need to start the CEQA process. You, as the public agency, will be the lead agency on this but there are a number of firms who will do the heavy lifting on all of this. (When a developer is proposing new housing, the City is the lead agency, so this may be something new for city planners). The CEQA work will probably involve a Draft Environmental Impact Report (DEIR), but could possibly be an Initial Study (IS). We used Jones and Stokes—which is now ICF International out of San Jose—and are using them again on our humongous Phase 3 Capital Improvement projects at all 3 campuses, of which our housing project at Skyline is included. While the CEQA firm does the heavy lifting on this, there is still a lot of work for staff—reviewing documents, public notices, confirming facts, etc. Again, you should involve city staff (planning, engineering, police and fire, water, etc.) and the County as you are developing this. Your developer/consultant will be responsible for developing the preliminary site plans and architectural renderings that will be needed for the DEIR or IS.

### **Public Review Process:**

- With CEQA underway, you will need to start the public approval process, which will involve submitting detailed plans and renderings (these can be developed as you are going through CEQA) and having public hearings with City Planning (and possibly Architectural Review) and ultimately a public hearing and approval by the City Council. A school district staff member should take the public lead on all of this (with help from the developer on a consulting contract) because public agency to public agency interactions are always more respectful and productive than developer/city relationships. I always started the public review process (after consulting with city staff) with several community meetings and I invited homeowner associations, neighbors, and other groups affiliated with the district (PTA, Site Council, etc.) and prominent members of the community to come to listen to what the school district is planning and why. It is always good to have faculty and staff of your district at these meetings to tell personal stories about their housing challenges. We held these community meetings at the site closest to where we were going to build, but also held them at city hall and in private residences.

This public review process will take some time, but I firmly believe that if you do the job right—by reaching out to the community and involving city and County staff from the beginning (and getting feedback from staff (not neighbors) on the site plans and renderings), it can be relatively painless. In the city of San Mateo, we had the fastest approval process they had ever processed for College Vista—a little more than 6 months.

### **Getting Ready to Build (after City approval)**

- You need to contract with a developer to be with you through construction and they (with help from staff) will bid the project bringing in a Contractor at a fixed price. The Contractor engages the subs.
- You would need to explore Government Code 5956, which allows a public project to be built under a design/build methodology. Under this method, a District can retain a developer through an RFQ process based on qualifications, not price. The developer then can retain the architect, design team and contractor directly without having to go through a public bid process which saves a lot of time and allows the District to work with the firms they believe are most appropriate for the job.
- You need to secure financing and insurance for the project. We issued a COP (Certificate of Participation) for each project which is tax exempt financing. I am sure your finance office is familiar with this. We also used an OCIP (Owner Controlled Insurance Program) which was advantageous for us.
- At some point, you may want to set up a nonprofit entity that will oversee all activities once the development is built. This creates a separation for your Board members so that they do not have to function both as employer and landlord. My Board—the Educational Housing Board—is composed of several property managers, an accountant, a real estate attorney, two College Board members and a representative each from classified and academic staff. They used to meet fairly often but now are meeting twice a year to approve budgets, get updates and review and adjust rents. They would also be the body to adjudicate tenant issues (of which we have had none to date).

**Staff questions with answers from Barbara Christiansen of the Community College District**

How many employees does the district have? 1900+ (914 full time)

How many employees were eligible and how many needed or wanted district housing? All 104 units are occupied; 40 former residents have moved out and purchased a home, and I have 90 on the wait list (and it is growing as we hire new people).

How many units did you build? 44 at CSM; 60 at Canada; and, in the planning, 24 at Skyline

What type of units? Apartments-1bed, 1 plus den, 2 bed, 2 plus den and 3 bed units

How much land did the project require? Approximately 2 acres each project

How long did the project take from conception to completion? 18-24 months.

When did the project open? CSM 2005, Canada 2010

What rents do you charge? From \$875 for a one bed unit to \$1700 for 3 beds two baths. All units have wood entry floors, high ceilings, lots of windows and are spacious. Units have their own washer/dryer and almost all units have a private garage and terrific views of the Bay or Western hills.

How do you calculate an appropriate rent? Rents are set at a level to 1) pay for a property manager 2) fund a long term set aside for long term maintenance of roofs, painting, electrical, and apartment turn over repairs, etc. and 3) to pay off the debt within 25 years (we are ahead of schedule on this).

How much staff time was needed to plan, finance and construct the project? ½ of a full time job during pre-construction and entitlement and ¼ of a full time job during construction.

What was the cost to hire the developer as consultant to manage the planning and construction of the project? The developer fees were part of the preconstruction costs, which also included architects, engineers, geo tech and a variety of other professionals.

What were the total soft and hard costs of the project? \$950,000 preconstruction and \$8.5 construction for College Vista (44 units \$212,272; per unit); \$14.9 for Canada Vista (60 units; \$248,333 per unit). I do not have the soft cost break down for Canada but preconstruction costs were probably about \$1.2M.

After completion, how much staff time does it take to administer and manage the rental units? 1-2 hours a week for most of the time; from time to time, there are issues that arise that need additional attention.

How much staff time does it take to support the Educational Housing Board? 10 hours a year.

Do all the members you mentioned have equal voting power? Yes



**CITY OF BRISBANE EMPLOYEE HOUSING SURVEY:  
RENTAL HOUSING AT BELOW-MARKET PRICES**

1. Where is your primary place of employment?
  - A. City Hall
  - B. Fire Station
  - C. Lipman School
  - D. Brisbane Elementary School
  
2. What is your employment status?
  - A. Full Time
  - B. Part Time
  - C. Police/Fire
  - D. General Employee
  - E. Teacher
  - F. Administration/Management
  
3. Where do you currently live?
  - A. San Mateo County
  - B. San Francisco County
  - C. Santa Clara County
  - D. Alameda County
  - E. Contra Costa County
  - F. Other County [please specify]
  
4. What two things would make your current housing arrangements more satisfactory? (Select 2 ONLY)
  - A. Live closer to work
  - B. Own my own home
  - C. Have nicer home/ neighborhood/school district
  - D. Have more square footage/rooms
  - E. Have lower rent/mortgage payments
  - F. Other [please specify]:

5. How many minutes is your commute—ONE WAY--on an average day?
  - A. Less than 20 minutes
  - B. 20-45 minutes
  - C. 46-60 minutes
  - D. 61-90 minutes
  - E. 91-120 minutes
  - F. More than 2 hours
  
6. Would you prefer to live closer to work?
  - A. Yes
  - B. No
  
7. Why don't you live closer to work? (Select ALL that apply)
  - A. Rental prices are too high
  - B. Home prices are too high
  - C. Prefer my current location
  - D. Other [please specify]:
  
8. What is your monthly rent/mortgage (excluding taxes, insurance, utilities, etc.) ?
  - A. \$0 - \$1,000
  - B. \$1,000 - \$1,499
  - C. \$1,500 - \$1,999
  - D. \$2,000 - \$2,499
  - E. \$2,500 - \$3,000
  - F. More than \$3,000
  
9. If you are renting, are you planning to buy a home?
  - A. No
  - B. Yes, within 1 year
  - C. Yes, within 2 years
  - D. Yes, within 3-5 years
  - F. Not applicable/I do not rent
  
10. Which of the following would you be willing to purchase? (Select ALL that apply)
  - A. Condominium/townhouse
  - B. Single-family home
  - C. Unit in a duplex, triplex or 4-plex
  
11. How many people, including yourself, make up your household?
  - A. 1
  - B. 2
  - C. 3
  - D. 4
  - E. 5 or more

12. What percentage of your total household income do you devote to rent (excluding taxes, insurance, and utilities)?
- A. 0% - 20%
  - B. 21% - 30%
  - C. 31% - 40%
  - D. 41% - 50%
  - E. more than 50%
13. How long do you anticipate working for the City of Brisbane/School District?
- A. Less than 1 year
  - B. 1-3 years
  - C. 4-5 years
  - D. More than five years
  - E. Not sure
14. If you answered 5 years or less, what are the primary reason(s) influencing your decision? (Select ALL that apply)
- A. Inability to find/afford housing in a desirable location
  - B. Retirement
  - C. Plan to make a career change
  - D. Want to relocate geographically
  - F. Insufficient Salary
  - E. Other [please specify]:
15. Would you be interested in living in rental housing offered at below market rents reserved exclusively for City/School employees?
- A. Very interested
  - B. Somewhat interested
  - C. Not sure, but would consider
  - D. Not interested

Please comment:

16. If you answered "A", "B", or "C", to question 15 (above), how many bedrooms do you prefer?
- A. 1 bedroom
  - B. 2 bedrooms
  - C. 3 bedrooms
17. If you answered "A", "B", "C", to question 15 (above), where would you prefer the new housing to be located?
- A. Cañada College
  - B. Skyline College
  - C. No preference

18. San Mateo County has a “Home Investment Partnership” program to provide very low cost loans to eligible first-time home buyers. Eligibility for this program is based upon the following household income limits:

| Family Size | Income Limit |
|-------------|--------------|
| 1           | \$72,800     |
| 2           | \$91,200     |
| 3           | \$102,600    |
| 4           | \$114,000    |
| 5           | \$123,100    |

Would you qualify for this program according to these income limits?

- A. Yes
  - B. No. I currently rent but my income exceeds these limits.
  - C. Not sure
  - D. Not interested in this program
20. Please share any ideas you have about this project proposal or tell us about your specific housing needs:

**THANK YOU FOR YOUR PARTICIPATION!**